

Message Text

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TAGS: OVIP (KISSINGER)

SUBJECT: PRESS MATERIAL

1. HERewith FULL TEXT WASHSTAR EDITORIAL THURSDAY, FEBRUARY 13, HEADLINED "U.S. OIL STRATEGY".

2. SECRETARY OF STATE KISSINGER'S EXPLICATION OF SOME OF THIS COUNTRY'S STRATEGY FOR DEALING WITH THE INTERNATIONAL OIL PROBLEM WAS WELCOME AND OVERDUE. AS AN INDICATION OF WHERE WE MIGHT REALISTICALLY LOOK FOR PROTECTION FROM THE UNPRECEDENTED ECONOMIC POWER OF THE PRODUCERS' CARTEL, IT BEATS THE HINTS OF DOOMSDAY THAT HAVE OVERSHADOWED SOME OF KISSINGER'S AND PRESIDENT FORD'S PAST DISCUSSIONS OF THE SUBJECT. IT ALSO SHEDS FURTHER LIGHT ON FORD'S CHOICE OF WEAPONS TO ENCOURAGE FUEL CONSERVATION IN THE UNITED STATES WHAT IS NOT KNOWN ABOUT THE PLAN IS ITS CHANCE OF WORKING.

3. THE STRATEGY WOULD HAVE THE CONSUMING NATIONS AGREE ON A "FLOOR PRICE" FOR OIL, TO PROTECT MAJOR INVESTMENT IN UNCLASSIFIED

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OTHER, COSTLY ENERGY ALTERNATIVES. THE "FLOOR" (SPECU-

LATIVELY PUT BETWEEN \$7 AND \$8 A BARREL, COMPARED WITH THE PRESENT CARTEL PRICE OF \$10.50) WOULD RULE OUT FUTURE PRICE-CUTTING MISCHIEF BY THE OIL-EXPORTING NATIONS TO UNDERMINE THE WEST'S DEVELOPMENT OF OTHER SOURCES. FACED WITH THE PROSPECT OF AN INDUSTRIAL WORLD INCREASINGLY

INDEPENDENT OF OIL IMPORTS, THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC) WOULD BE INVITED TO AGREE ON MORE REASONABLE PRICES NOW IN RETURN FOR STABILITY OF MARKETS IN THE FUTURE.

3. SEVERAL QUESTIONS ABOUT THE STRATEGY, NOW BEFORE THE WEST'S 18-NATION INTERNATIONAL ENERGY AGENCY, REMAIN TO BE ANSWERED. CAN THE MAJOR CONSUMING NATIONS BE BROUGHT TO ACCEPT AMERICAN LEADERSHIP AND COLLABORATE SO BROADLY ON PRICING AND TARIFF POLICIES AND THE JOINT DEVELOPMENT OF NEW ENERGY SOURCES? SUCH COOPERATION HAS BEEN ELUSIVE SO FAR, WITH EUROPE AND JAPAN MUCH WARIER THAN THE UNITED STATES ABOUT THE RISK OF "CONFRONTATION" WITH OPEC.

4. CAN THE WILY TACTICIANS OF OPEC COME UP WITH COUNTER-MEASURES THAT WOULD DEFEAT ALMOST ANY U.S. STRATEGY? WE ARE NOT AS CONCERNED AS KISSINGER SEEMS TO BE ABOUT CUT-RATE PRICING. WHAT ABOUT FURTHER INCREASES OF OPEC PRICES TO OFFSET THE THREATENED LOSS OF REVENUE DUE TO ANY CONCEIVABLE REDUCTION OF DEMAND IN THE WEST?

5. AS DOUBTFUL AS THE CHANCE FOR WHOLEHEARTED COOPERATION AMONG THE CONSUMING NATIONS IS THE PROSPECT FOR AGREEMENT WITHIN THE UNITED STATES ON DOMESTIC POLICIES TO SUPPORT THE INTERNATIONAL STRATEGY. THIS INVOLVES THE FATE OF FORD'S PROPOSALS FOR TAXATION AND DEREGULATION TO BRING ABOUT SUBSTANTIAL INCREASES IN THE OIL AND GAS COSTS BORNE BY AMERICANS, AND TO REDUCE CONSUMPTION -- A PROGRAM THAT, WITH ITS FURTHER INFLATIONARY AND RECESSIONARY CONSEQUENCES FOR THE U.S. ECONOMY, FACES TREMENDOUS OPPOSITION BY CONGRESS AND PUBLIC.

6. PARTS OF THE PLAN OUTLINED BY KISSINGER HAVE OBVIOUS UNCLASSIFIED

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MERIT IN THEIR OWN RIGHT AND SHOULD BE PURSUED REGARDLESS OF WHETHER THE BID TO BRING OPEC TO HEEL IS SUCCESSFUL. THESE ARE THE PROPOSALS FOR CONSORTIUMS OF THE CONSUMING COUNTRIES TO INVEST JOINTLY IN SYNTHETIC-FUELS DEVELOPMENT, AND TO ENGAGE IN LONGER-RANGE RESEARCH ON SUCH LONGER-RANGE SOLUTIONS AS SOLAR ENERGY AND NUCLEAR FUSION.

7. THE AMERICAN POLICY OF SEARCHING A COMMON GROUND ON WHICH THE WEST CAN MEET THE ENERGY CRISIS IS EMINENTLY SENSIBLE. OUR ECONOMIC ALLIES MAY HAVE BETTER IDEAS, HOUGH ONE OF THEM IS NOT THE TECHNIQUE OF GO-IT-ALONE

IN THE HOPE OF PREFERENTIAL TREATMENT BY OPEC MEMBERS. BUT WHETHER THE WEST CAN FORM AN EFFECTIVE BARGAINING STANCE QUICKLY, FOR AN EARLY FACE-OFF WITH OPEC, IS IN DOUBT DESPITE LAST WEEK'S AGREEMENT, IN THE ENERGY AGENCY, ON CUTTING IMPORTS A TOTAL OF 2 MILLION BARRELS A DAY. INGERSOLL

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